

Court File No. 31-456351

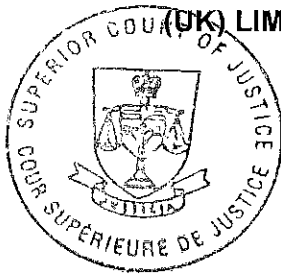
**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY**

THE HONOURABLE REGIONAL SENIOR )  
JUSTICE MORAWETZ )

THURSDAY, THE 10<sup>TH</sup>  
DAY OF DECEMBER, 2015

**IN THE MATTER OF THE BANKRUPTCY OF AERO INVENTORY  
(UK) LIMITED, of the City of London, United Kingdom**

Court File No. 31-456352



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY**

**IN THE MATTER OF THE BANKRUPTCY OF AERO INVENTORY  
PLC, of the City of London, United Kingdom**

Court File No. 09-CL-8456-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF JAMES ROBERT TUCKER, RICHARD HEIS AND  
ALLAN WATSON GRAHAM OF KPMG LLP, AS JOINT ADMINISTRATORS**

Applicants

**AND IN THE MATTER OF AERO INVENTORY (UK) LIMITED  
and AERO INVENTORY PLC**

Respondents

**APPLICATION UNDER SECTIONS 46 AND FOLLOWING OF THE  
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS  
AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**LLOYDS BANK COMMERCIAL FINANCE LIMITED**

Plaintiff

**-and-**

**AIR CANADA**

Defendant

**SETTLEMENT APPROVAL ORDER**

UPON READING the Ninth Report of KPMG Inc. in its capacity as Trustee in Bankruptcy of Aero Inventory (UK) Limited (in administration) and Aero Inventory plc (in administration) (the "**Trustee**") and Information Officer (the "**Information Officer**") in these proceedings, dated December 8, 2015, (the "**Ninth Report**") and on hearing the submissions of counsel for the Trustee, the Information Officer, Lloyds Bank Commercial Finance Limited and Air Canada, no one appearing for any other person on the service list, although served as appears from the Affidavit of Service of Evan Cobb, sworn December 8, 2015;

1. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Settlement Agreement attached as Confidential Appendix "I" to the Ninth Report (the "**Settlement Agreement**")

2. **THIS COURT ORDERS** that: (i) the Settlement Agreement, with such minor amendments as the Trustee and the Foreign Representatives may deem necessary, is hereby approved; (ii) the execution and delivery of the Settlement Agreement by the Trustee, the Information Officer and the Foreign Representatives, with such minor amendments as the Trustee and the Foreign Representatives may deem necessary, is hereby authorized and approved; and (iii) the performance by the Trustee, the Information Officer and the Foreign Representatives of their obligations, if any, under the Settlement Agreement be and is hereby authorized and approved.

3. **THIS COURT ORDERS** that effective upon the delivery of the Settlement Payment by Air Canada in accordance with the Settlement Agreement:

- (a) each of the Aero Releasors shall be deemed to have released, acquitted and forever discharged the Air Canada Releasees from any and all Claims which the Aero Releasors have or may have had against the Air Canada Releasees (the "**Aero Released Claims**");
- (b) each of the Lloyds Releasors shall be deemed to have released, acquitted and forever discharged the Air Canada Releasees from any and all Claims which the Lloyds Releasors have or may have had against the Air Canada Releasees in respect of matters related in any way to the Aero Parties (the "**Lloyds Released Claims**");
- (c) each of the Air Canada Releasors shall be deemed to have released, acquitted and forever discharged:
  - (i) the Aero Releasees from any and all Claims which the Air Canada Releasors have or may have had against the Aero Releasees; and
  - (ii) the Lloyds Releasees from any and all Claims which the Air Canada Releasors have or may have had against the Lloyds

Releasees in respect of matters related in any way to the Aero Parties

(together, the "**Air Canada Released Claims**" and, collectively with the Aero Released Claims and the Lloyds Released Claims, the "**Released Claims**").

4. **THIS COURT ORDERS** that all persons shall be permanently and forever barred, estopped, stayed and enjoined, from and after the delivery of the Settlement Payment by Air Canada in accordance with the terms of the Settlement Agreement, with respect to any and all Released Claims from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Aero Releasees, the Lloyds Releasees and the Air Canada Releasees (collectively, the "**Released Parties**"); (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their respective property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits or demands, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, or for breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the Released Parties; or (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their respective property;

provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Settlement Agreement.

5. **THIS COURT ORDERS** that the Settlement Payment shall be paid to Lloyds and shall not vest in the Trustee and shall not be part of the Aero or Aero Inventory plc (in administration) bankruptcy estate.

6. **THIS COURT ORDERS** that the Trustee is hereby directed to pay, or to direct the payment of: (i) a portion of the Surplus Parts Proceeds (as defined in the Ninth Report) in the amount of US\$41,500 to Lloyds; and (ii) the remainder of the Surplus Parts Proceeds to Aero, in each case free and clear of any claim of Air Canada to such Surplus Parts Proceeds.

7. **THIS COURT ORDERS** that the action by Lloyds against Air Canada under Court File No CV-14-10532-00CL is dismissed in its entirety, on a without costs basis.

8. **THIS COURT ORDERS** that the action by the Aero Trustee against Air Canada under Court File No 31-456351 is dismissed in its entirety, on a without costs basis.

9. **THIS COURT ORDERS** that the Preference Motion is deemed abandoned, on a without costs basis.

10. **THIS COURT ORDERS** that Confidential Appendix "I" to the Ninth Report shall be sealed, kept confidential and not form part of the public record, subject to further Order of the Court.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom or elsewhere to give effect to this Order and to assist the Trustee and its

agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee as may be necessary or desirable to give effect to this Order.

  
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IN THE MATTER OF THE BANKRUPTCY OF AERO INVENTORY (UK) LIMITED IN ADMINISTRATION

IN THE MATTER OF AERO INVENTORY (UK) LIMITED and AERO INVENTORY PLC

Court File No. 31-456351  
Court File No. 31-456352

Court File No: 09-CL-8456-00CL

Court File No: CV-14-10532-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SETTLEMENT APPROVAL ORDER**

Norton Rose Fulbright Canada LLP  
Royal Bank Plaza, South Tower, Suite 3800  
200 Bay Street, P.O. Box 84  
Toronto, Ontario M5J 2Z4 CANADA

**Orestes Pasparakis LSUC# 36851T**

Tel: (416) 216-4815

Email: [Orestes.Pasparakis@nortonrosefulbright.com](mailto:Orestes.Pasparakis@nortonrosefulbright.com)

**Evan Cobb LSUC#: 55787N**

Tel: (416) 216-1929

Email: [Evan.Cobb@nortonrosefulbright.com](mailto:Evan.Cobb@nortonrosefulbright.com)

Fax: (416) 216-3930

Lawyers for the Applicants